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# Message Text

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PAGE 01 PARIS 29395 141841Z

64
ACTION EUR-25

INFO OCT-01 ARA-16 ISO-00 CIAE-00 COME-00 EB-11 INR-10

LAB-06 NSAE-00 RSC-01 SIL-01 DODE-00 PA-04 USIA-15

PRS-01 SPC-03 AGR-20 OMB-01 TRSE-00 DRC-01 /116 W
---------- 125022
R 141753Z NOV 73
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 4779
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY BRUSSELS
USMISSION EC BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY THE HAGUE
AMEMBASSY ROME
AMCONSUL BORDEAUX
AMCONSUL LYON
AMCONSUL MARTINIQUE
AMCONSUL MARSEILLE
AMCONSUL NICE
AMCONSUL STRASBOURG

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E.O.: 11562: N/A
TAGS: PLAB
SUBJ: SHARP REACTION TO RETAIL MARGIN CURBS

1. SUMMARY: RETAIL PROFIT MARGINS ON MEAT, FRUITS, VEGETABLES AND SHOES IMPOSED BY GOF NOVEMBER 2 CAUSED INDEPENDENT RETAILERS TO CLOSE SHOP IN PROTEST. RETAILERS THREATEN TO CONTINUE "STRIKE" IDEFINITELY, WHILE CONSUMERS ORGANIZE PUNITIVE BOYCOTT AND WHOLESALERS THREATENDIRECT SALES. CGT, MEANWHILE, IS SEEKING TO ENLIST RETAILERS IN ANTI-GOVERNMENT FRONT BASED ON INFLATION ISSUE. FORCE OUVRIERE URGES GOVERNMENT TO STAND FAST. END SUMMARY.
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PAGE 02 PARIS 29395 141841Z

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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2. REACTING TO RETAIL PROFIT MARGIN CONTROLS IMPOSED BY GOVERN-
MENT NOVEMBER ON MEAT, FRUIT, VEGETABLES AND SHOES, SHOPKEEPERS
RESPONDED WITH CONCERTED CLOSING OF SHOPS, CLAIMING THAT THEY
COULD NOR SURVIVE ON MARGINS ALLOWED. CLOSINGS, WHICH BEGAN
NOVEMBER 8, WERE EXTENDED "INDEFINITELY" AT MEETING OF PARIS
RETAILERS NOVEMBER 13.

3. THOUGH FOOD ITEMS ARE AVAILABLE AT SUPERMARKETS (WHICH
HABITUALLY OPERATE ON NARROWER PROFIT MARGINS), CONSUMERS IN PARIS
AND ELSEWHERE IN FRANCE ARE INCONVENIENCED BY CLOSING OF NEIGH-
BORHOOD SHOPS. HARDEST HIT, HOWEVER, ARE WHOLESALERS AND PRO-
DUCERS WHO HAVE LOST 60 PERCENT OF THEIR MARKET. OVER A THREE-DAY
PARIOD AN ESTIATED 9500 TONS OF STOCK SPOILED, THE MONEY LOSS ES-
TIMATED AT BETWEEN $1.4 AND $3.7 MILLION. MUCH OF THIS LOSS RE-
DOUNDED ON PRODUCERS - AS WHOLESALERS NORMALLY PURCHASE ONLY ABOUT
1/4 OF THEIR NEEDS, THE REMAINDER BEING TRADED ON COMMISSION. THE
PME, CID-UNATI AND OTHER GROUPS REPRESENTING SMALL MERCHANTS HAVE
CALLED FOR A GENERAL CLOSING OF ALL INDEPENDENT STORES, RESTAURANTS
AND CAFES ON NOVEMBER 15. GASOLINE STATIONS WILL ALSO CLOSE.

4. TEN CONSUMER ORGANIZATIONS (HERETOFORE SLOW TO ASSERT
THEMSELVES) HAVE CALLED ON MEMBERS TO BOYCOTT STRIKING RETAILERS
WHEN THEY DO DECIDE TO REOPEN. MEANWHILE, FORCE OUVRIERE, IS COOR-
DINATION WITH AGRICULTURAL ORGANIZATIONS (A-758), HAS EXPRESSED
SUPPORT FOR DIRECT PRODUCER-CONSUMER SALES SHOULD MIDDLEMEN
CONTINUE TO DISRUPT DISTRIBUTION.

5. COMMENT: THE GOOD WILLOF SMALL BUSINESS, PURCHASED
WITH THE INTRODUCTION OF THE ROYER BILL (PARIS 27420), WAS IN
LARGE MEASURE LOST TO GOF BY IMPOSITION OF PROFIT MARGIN
CONTROLS. IN ADDITION TO FINANCIAL IMPACT, RETAILERS FEEL THAT
GOVERNMENT PLAYED TO CROWD BY SINGLING THEM OUT AS PRINCIPAL
VILLAINS OF INFLATION WHEN, IN THEIR VIEW, GOF ITSELF MUST
CARRY A SHARE OF THE BLAME. NO LESS CHAGRINED ARE WHOLE-
SALERS AND CONSUMERS WHO,TO DATE, HAVE BEEN PRINCIPAL VICTIMS
OF CONTROLS.

6. SUMMING UP GOVERNMENT'S ACHIEVEMENTS IN FIRST TEN DAYS
OF BATTLE AGAINST INFLATION, WEEKLEY L'EXPRESS NOTES THAT GOF
HAS NOT ONLY SET CONSUMER AGAINST RETAILER, AND WHOLESALER
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AGAINST RETAILER, IT HAS HANDED FRENCH LABOR AN ISSUE WITH WHICH THE
CGT HOPES TO FORGE A COMMON LABOR FRONT(PARIS 29074). THIS
FRONT IS NOT WITHOUT INTERNAL STRAINS HOWEVER, CFDT BEING
RELUCTANT TO MAKE COMMON CAUSE WITH ALL AND SUNDRY - PARTICULARLY
WITH SMALL MERCHANTS. CGT, TRU TO CURRENT PCF LINE ON ACCESSION
TO POWER VIA THE BALLOT BOX, IS EAGER TO INCLUDE MERCHANTS IN
CATCH-ALL ANTI-GOVERNMENT FRONT, THOUGH THIS MAY REQUIRE SOFT-
PEDALING CLASS WAR DOCTRINE, ACCORDING TO WHICH EVEN SMALL

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EMPLOYERS ARE ANATHEMA.

7. FORCE OUVRIERE, WHICH HASNOT JOINED THE CGT-SPONSORED FRONT, HAS LONG URGED MORE EFFECTIVE GOVERNMENT ACTION AGAINST INFLATION. FO WAS QUICK TO VOICE ITS APPROVAL OF MARGIN CONTROLS AS A STEP IN THE RIGHT DIRECTION, AND IS NOW URGING GOF TO REMAIN STEADFAST IN THIS ACTION.
IRWIN

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